

Office Memorandum • UNITED STATES GOVERNMENT

TO : C/PPS

DATE: 18 November 1958

OGC REVIEW COMPLETED

FROM : DC/PPS

SUBJECT: General Governmental Matters Act of 1959,
Public Law 85-468, Title II, Section 202

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1. [] the Deputy General Counsel, called and advised that he has discussed the situation with a counterpart in the State Department and that this individual understands our position. Also, he is of the opinion that State Department could argue with the GAO that the language instructors are in fact independent contractors and would not be subject to the law. He believed that State Department could "brazen the thing out" if necessary.

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2. The problem has been that the design of the contract used by State Department was originally constructed to avoid any law making the instructors independent contractors. However, the Internal Revenue Department has been pressing for Social Security payments on these individuals, maintaining that they are subject to Social Security laws. This presents a problem which brings in another agency, and is therefore an additional reason why CIA should not assist State in their present dilemma. The Department intends to ask for an amendment to the Foreign Service Act which will authorize the employment of non-citizens and also put it in their request for appropriation. [] stated that every angle of this proposition is so close to being illegal and flaunting the will of Congress that we should express our regrets to the State Department stating that we wish we could help, but under the circumstances we don't know how we can do it. He added that the State Department does not have to conclude its present program, but can brazen it out and expect a lawyer to hold that the instructors are individual contractors until such a time as an amendment to the Foreign Service Act becomes law.

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3. [] is advising DD/S that the Office of Training will express its regrets to the State Department and that no action will be taken.

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